



<b>Company</b>	Incitec Pivot Ltd
<b>Code</b>	IPL
<b>Meeting</b>	AGM
<b>Date</b>	20 December, 2018
<b>Venue</b>	Melbourne Exhibition Centre
<b>Monitor</b>	Peter Aird with Ian Curry

<b>Number attendees at meeting</b>	52 shareholders and 42 visitors
<b>Number of holdings represented by ASA</b>	109
<b>Value of proxies</b>	\$2.78m
<b>Number of shares represented by ASA</b>	831,333
<b>Market capitalisation</b>	\$4,052m
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes, with chair Paul Brasher & Co Sec

### **Strong Results, little interest from shareholders**

The Chair and CEO's reports were comprehensive but added little to the annual report. The Chair, Paul Brasher, indicated that the Gibson Island plant was still at risk with gas supply only agreed until the end of 2019 and a negative outlook on price after that. Supply from their current exploration efforts (if successful) are not expected until 2022.

ASA asked questions about any actions arising from continued strong cash flow (which Mr Brasher had confirmed) in terms of further capital returns. The Chair stated that the business was cyclical and they would use the cash flow for 2019 to further strengthen the balance sheet with possibly a review after that. The company was pleased with the outcome of the \$300m share buyback which is now complete.

ASA commented on high capital expenditure for sustenance in 2018. This was addressed by the CEO, Jeanne Johns, who said that the current levels would continue in the next few years to ensure that plants run at optimum effectiveness.

ASA also asked about their R & D spend (low at 0.32% of Sales). Ms Johns stated that their R & D effort was tightly focussed on projects that would meet customer and/or market demands so would be effective. One of the key planks of executive objectives is to maximise the effectiveness of technology as a sales tool.

Other AGM attendees raised the issue of supply of Phosphate Rock from the Western Sahara, both in terms of the disputed ownership of the resource and the company's zero harm objective. The Chair stated that the company would not rule out using Phosphate Rock from this region, but noted that none had been purchased in the last 2 years.

Climate change was also raised in terms of the company's views and their membership of various industry associations.

Directors Paul Brasher and Bruce Brook were re-elected with for votes in the poll in excess of 98% of shares voted.

For Resolution 3, the issue of Performance Rights to the CEO, ASA asked the reason for allowing the Rights to be converted to cash. The chair stated that this was a contingency for the unlikely instance that the company was unable to issue shares in 3 years' time when the rights may vest. He said that the clear objective was to issue shares. The Resolution was approved by almost 97% of votes.

Resolution 4, the Remuneration Report, was put with a report given by the Chair of the Remuneration Committee, Kathryn Fagg, outlining the results achieved and changes planned for 2019. ASA complimented the quality of the report and was pleased to see the company's decision to require Australian Directors and senior executives to have a minimum shareholding. Senior Executive's holdings would be built by salary sacrificing from short-term incentive awards.

Noting that the long-term incentive (LTI) plan had an increased emphasis on strategic objectives, I asked for more details. The CEO stated that the LTI objectives covered the three key strategic focuses, Manufacturing Excellence, Technology Solutions and Customer Focus. The chair noted that these objectives were a significant challenge, for example Manufacturing objectives would require plants to run beyond their current performance. The Resolution was carried with over 97% of the vote.

Following the meeting we spoke to the Chair, Directors Kathryn Fagg and Bruce Brook and CEO Jeanne Johns.